FILE COPY

FILED
APR 17 1935

Supreme Court of the United States

OCTOBER TERM, 1934.

No. [redacted] 11

THE CHANDLER & PRICE COMPANY,
Petitioner,

vs.

BRANDTJEN & KLUGE, INC., and
JOSEPH FREEMAN, INC.,
Respondents.

BRIEF FOR RESPONDENT BRANDTJEN & KLUGE, INC., IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

DEAN S. EDMONDS,
CURT VON BOETTICHER, JR.,
JOHN HOXIE,
165 Broadway,
New York N. Y.,
Counsel for Respondent,
Brandtjen & Kluge, Inc.

GALLO & ACKERMAN, Inc., 142 Liberty Street, Telephone—REctor 2-5856-7

INDEX.

	PAGE
Statement of Case	1
The Questions Presented on This Petition	3
Summary of Argument	4
Point I: There is no conflict of decision	5
Point II: The case presents no question of public interest which calls for review by this Court	9
Conclusion	11
Appendix	12

TABLE OF CASES.

Allington v. Shevlin-Hickson Co., 2 F. (2d) 747, D. C., Del.	5
Angier v. Anaconda Wire & Cable Co., 48 F. (2d) 6[illegible], D. C., Del.	5
Atlas Underwear Co. v. Cooper Underwear Co., 210 Fed. 347, D. C., E. D., Wisc.	5
Borne Scrymser Co. v. Gaffney Manufacturing Co., 5 F. 405, D. C., W. D., South Carolina (affirmed 68 F. [2d] C. C. A. 4th)	6
Curran v. St. Charles Car Co., 32 Fed. 835, C. C., E. D., Mo.	5
Demulso Corp. v. Tretolite, et al., 74 F. (2d) 805, C. C. A. 10th	9
DeSousa v. Crocker First National Bank, 23 F. (2) 118, D. C., N. D., Calif.	5

PAGES

Foote v. Parsons Non-Skid Co., 196 F. 951, 953, C. C. A. 6th ____ 9

General Electric Co. v. Marvel Metals Co., 287 U. S. 430 ____ 4

Hopkins v. Lancaster, 254 Fed. 190, D. C., N. D., Ala. 6

Kardo Co. v. Adams, 231 Fed. 950, 958, C. C. A. 6th ____ 6

Layne and Bowler Corp. v. Western Well Works, Inc., 261 U. S. 387, 393 ____ 8

Leaver v. K. & L. Box & Lumber Co., 6 F. (2d) 666, D. C., N. D., Calif. ____ 5, 8

Powell, et al., v. Leicester Mills, 92 Fed. 115, C. C., E. D., Pa. ____ 6

Prince v. Childs Co., 23 F. (2d) 605, C. C. A. 2 ____ 6

Souffront v. La Compagnie de Sucreries, 217 U. S. 475, 486 ____ 10

Tretolite Co. v. Darby Petroleum Corp., 5 F. Supp. 445, D. C., N. D., Oklahoma ____ 6

U. S. Expansion Bolt Co. v. H. G. Kroncke Hardware Co., 234 Fed. 868, C. C. A. 7th ____ 3, 7, 12

U. S. Expansion Bolt Co. v. H. G. Kroncke Hardware Co., 216 Fed. 186, 188 ____ 7

Wenborne-Karper Dryer Co. v. Dort Motor Car Co., 300 Fed. 404, D. C., E. D., Mich. ____ 6

IN THE

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1934.

No. 809.

THE CHANDLER & PRICE COMPANY,

Petitioner,

vs.

BRANDTJEN & KLUGE, INC., and JOSEPH FREEMAN, INC.,

Respondents.

BRIEF FOR RESPONDENT BRANDTJEN & KLUGE, INC., IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

Statement of Case.

The petitioner seeks a review of a decision of the Circuit Court of Appeals for the Second Circuit (R., 60) which affirmed a decision of the District Court for the Eastern District of New York (R., 40) dismissing a counterclaim presented by an intervener, The Chandler & Price Company, against Brandtjen & Kluge, Inc., respondent here and plaintiff below.

The suit is for patent infringement and was brought by Brandtjen & Kluge, Inc., against Joseph Freeman, Inc.,

as sole defendant. Plaintiff's patent, No. 1,363,200, deals with automatic printing presses. Freeman, the defendant, is a printing concern in Brooklyn, N. Y., and uses there the press that is charged to infringe. Freeman's press was made by the Chandler & Price Company of Cleveland, Ohio, the petitioner here.

Leave to intervene was granted to Chandler, over plaintiff's objection (R., 21), on Chandler's representation that as manufacturer of defendant's press it had such an interest in the litigation as Equity Rule 37 requires. The nature of Chandler's interest was shown by the petition for leave to intervene which represented:

> (1) that as manufacturer of the accused press Chandler feared the business consequences of a decision holding the press to be an infringement;
>
> (2) that Freeman had not a sufficient interest to defend the suit properly;
>
> (3) that Chandler was obligated to defend Freeman and expected to do so openly, and
>
> (4) that Chandler had given bonds to other customers (not to Freeman however) to hold them harmless in the event of their being sued.

These representations of fact were coupled with the assertion that Freeman evidently was only a nominal defendant (Petition for Leave, paragraph 5, R., 13-15).

The petition for leave to intervene did not mention any purpose on Chandler's part to present a claim against the plaintiff. The claim against plaintiff was presented as a counterclaim after the intervention. In this counterclaim plaintiff is charged with infringement of the Root patent No. 1,849,314 which is owned by Chandler alone and in which Freeman, the defendant, has no interest.

The plaintiff's bill of complaint has no allegations as to Chandler and seeks no relief against it. Plaintiff's cause of action is based entirely on Freeman's use of the

infringing press. Thus although Chandler is aligned as a defendant because of its interest adverse to the plaintiff, it is not a defendant in the sense of being the party against whom the bill seeks relief.

On plaintiff's motion (R., 38-39) this counterclaim was dismissed (R., 44). On intervener's appeal, the dismissal was affirmed by the Circuit Court of Appeals for the Second Circuit (R., 60). A petition for rehearing was denied (R., 69).

The single point which this respondent presented to the Court of Appeals in opposing the counterclaim was that an intervener is without right to present a cause of action which is not available to the original defendant and which is both independent of the plaintiff's cause of action against the original defendant and unrelated to the protection of the intervener's interest upon which the intervention was based. The Court of Appeals in sustaining respondent held that, so far as the Equity Rules are concerned, it might be permissible for the court to allow such a counterclaim, but that it was not a matter of right with the intervener and that, all things considered, it was the better practice to confine the intervener to the original scope of the intervention.

The Questions Presented on This Petition.

1. Is there a conflict between this case and the case of *U. S. Expansion Bolt Co.* v. *H. G. Kroncke Hardware Co.*, 234 Fed. 868, C. C. A. 7th, or any conflict of decision requiring review by this Court?

2. Is the decision of the Court below, which refused to permit an intervener to counterclaim on a cause of action not available to the original defendant and not related to the protection of the interest justifying intervention, such a matter of public interest as to require review by this Court?

Contrary to what the petition suggests, there is no question here of the application of *General Electric Co.* v. *Marvel Metals Co.*, 287 U. S. 430,* for the dismissal of the intervener's counterclaim was not based on a venue or jurisdictional point but on the settled rule that the intervener has a limited scope of activity which excludes the bringing of such a counterclaim as was brought here and would exclude a like counterclaim even against a resident plaintiff.

Summary of Argument.

1. There is no conflict between the decision of the Circuit Court of Appeals in this case and the decision of any other Circuit Court of Appeals. On the issue presented, the decision of the Circuit Court of Appeals in this case and a number of decisions in the district courts in suits for patent infringement, are all in accord. Also, there is the same accord of decision on the same issue in cases not involving patent infringement. In one suit for patent infringement referred to in the Circuit Court of Appeals' opinion as a "dubious exception" the facts were such that the issue decided in this suit might have been decided, but such issue does not appear to have been pressed seriously upon the court's attention and the decisions of the district court and the Circuit Court of Appeals in that case are devoted wholly to other issues.

2. No question of great public interest or any substantial public interest is presented in this case.

***In General Electric Co. v. Marvel Metals Co., 287 U. S. 430, this Court ruled that as against the defendant named in the bill, a non-resident plaintiff in bringing suit waives his privilege under the venue statutes (28 U. S. C. 109, 112-114) of being sued in his own district and therefore becomes subject to counterclaim by such defendant.**

POINT I.

There is no conflict of decision.

Far from being the subject of any conflict of decision, the rule applied in dismissing the counterclaim here is a rule that is well settled and is without exception in the law today.

In the particular fact situation of this case, that of an attempt to counterclaim on the part of an intervening manufacturer in a patent suit against one of his customers, there have been two reported district court decisions denying the right to counterclaim when the counterclaim was not available to the original defendant and had nothing to do with the intervener's interest in the suit.

Curran v. *St. Charles Car Co.*, 32 Fed. 835, C. C., E. D., Mo.

Leaver v. *K. & L. Box & Lumber Co.*, 6 F. (2d) 666, D. C., N. D., Calif.

In cases which differed only in that the original suit was not for patent infringement, the same decision has been reached:

Atlas Underwear Co. v. *Cooper Underwear Co.*, 210 Fed. 347, D. C., E. D., Wis.

DeSousa v. *Crocker First National Bank*, 23 F. (2) 118, D. C., N. D., Calif.

In numerous cases involving questions of the status of an intervener, the same rule has been stated as settled law, although the particular facts did not call for its application as matter of decision:

Angier v. *Anaconda Wire & Cable Co.*, 48 F. (2d) 612, D. C., Del.

Allington v. *Shevlin-Hickson Co.*, 2 F. (2d) 747, D. C., Del.

Tretolite Co. v. *Darby Petroleum Corp.*, 5 F. Supp. 445, D. C., N. D., Oklahoma.

Borne Scrymser Co. v. *Gaffney Manufacturing Co.*, 5 F. Supp. 405, D. C., W. D., South Carolina (affirmed 68 F. [2d] C. C. A. 4th).

On the related question of the right of an intervener to present defenses not available to the original defendant, the rule is the same that the scope of activity permitted to the intervener cannot exceed that which is open to the original defendant:

Prince v. *Childs Co.*, 23 F. (2) 605, C. C. A. 2.

Powel, et al., v. *Leicester Mills*, 92 Fed. 115, C. C., E. D., Pa.

Hopkins v. *Lancaster*, 254 Fed. 190, D. C., N. D., Ala.

Until the present case, there had been no decision by a Circuit Court of Appeals on the particular question presented in this case, but there was ample precedent in *Prince* v. *Childs Co.*, 23 F. (2d) 605.

It is immaterial, of course, that some of the cases cited were decided before the adoption of the present federal equity rules, since Equity Rule 37 simply declared the settled law. *Kardo Co.* v. *Adams*, 231 Fed. 950, 958 C. C. A. 6; *Wenborne-Karper Dryer Co.* v. *Dort Motor Car Co.*, 300 Fed. 404, D. C., E. D., Mich.

Against the authority of the foregoing cases, two instances of conflict are asserted by petitioner. The first is the case of *U. S. Expansion Bolt Co.* v. *H. G. Kroncke Hardware Co.*, 234 Fed. 868, decided by the Circuit Court of Appeals for the Seventh Circuit and referred to in the opinion of the Court of Appeals below as the "dubious exception". That was a suit for patent infringement in which the manufacturer, The Diamond Expansion Bolt Co.,

intervened and counterclaimed. The plaintiff, a non-resident of the district, moved to dismiss this counterclaim. The basis of the motion was a point of venue or jurisdiction, as shown in the district court opinion (216 Fed. 186, 188):

> "Jurisdiction in this suit being based upon the act of 1897, providing that District Courts shall have jurisdiction in the district of which the defendant is an inhabitant, or in any district in which the defendant has committed acts of infringement and has a regular and established place of business, plaintiff argues that this court can have no jurisdiction of the two patent suits sought to be brought here by the Diamond Company through its counterclaims, or of the suit for unfair competition covered by the other counterclaim."

This motion to dismiss was denied. On the plaintiff's appeal, this denial was sustained. What the Court of Appeals decided on that appeal is shown very plainly by its opinion. It termed it a question of "jurisdiction". It disposed of the question by saying that on the facts of the case the venue privilege had been waived. In an appendix we quote in full that part of the Court's opinion which deals with the point.

There can be no question at all but that the *Expansion Bolt* case is not a decision on the point presented and decided in this case. That case does not deal with the status of the intervener or with his right to present a claim which is not available to the defendant against whom the plaintiff seeks relief and which in no way serves to protect the interest that justified the intervention. In the *Expansion Bolt* case, the Court of Appeals for the Seventh Circuit decided the single point that the plaintiff by the act of bringing the suit and by certain statements

made on the record by its counsel, had waived the venue privilege which it set up in opposition to the counterclaim.

The opinion of the Court of Appeals in the present case shows that the Court did not regard its view as being in conflict with the *Expansion Bolt* case. Judge Hand's comment on that case was:

> "However, both courts were not there really concerned with the question now before us, but with how far a plaintiff ever abandons his privilege when he sues; a matter which the Supreme Court had not then settled. Mr. Lane has furnished us with copies of the brief on the appeal from which it does indeed appear that the argument depended in part upon the fact that the defendants were interveners, but it would be wholly gratuitous to imput to the Circuit Court of Appeals any intention to decide the point."

Petitioner's attempt to make out a conflict by presenting certain pages from the appellant's brief in the *Expansion Bolt* case is answered, we think, by the language of Judge Hand just quoted. The existence of a conflict of decision should be apparent in the opinions and it should not be necessary to probe into the arguments of counsel to discover its existence. Certainly there is not shown in this case that "real and embarrassing conflict of opinion and authority between the circuit courts of appeal" in the absence of which this Court has declared it will not grant a writ of certiorari. *Layne and Bowler Corp.* v. *Western Well Works, Inc.*, 261 U. S. 387, 393.

The other asserted conflict is said to appear in the opinion of the district court in *Leaver, et al.*, v. *K. & L. Box & Lumber Co.*, 6 F. (2) 666, N. D., Cal. The opinion in that case shows that there is not even a conflict between two district courts, in fact, no conflict at all, but simply a change of view on the part of a single district court, the change being to the view on which the present case was decided.

POINT II.

The case presents no question of public interest which calls for review by this Court.

The question decided by the Court of Appeals in this case, and sought to be reviewed here, is not of public interest or importance. It is a question of the exercise of the district court's discretion in controlling an intervention which it was within the court's power to refuse entirely. In the exercise of this discretion the court declined to permit the intervener to go beyond the scope of activity necessary to protect its declared interest. It dismissed the counterclaim by which intervener sought to inject new issues going beyond the protecting of that interest. This is a ruling that affects no one except the parties to this suit and involves no question of public interest. Indeed it is doubtful if the matter is appealable at all since the grant of leave to intervene is itself discretionary and not appealable. *Demulso Corp.* v. *Tretolite, et al.*, 74 F. (2) 805, C. C. A. 10th.

The situation here is a practical one. The manufacturer of the accused machine was allowed to intervene on a showing of the usual interest or concern which such a manufacturer has as to what may happen to his business if the defendant's machine is found to infringe. Such intervention is a matter of favor, not of right. *Foote* v. *Parsons Non-Skid Co.*, 196 F. 951, 953, C. C. A. 6th. It is not an intervention by which a third party seeks to present an affirmative claim against some fund or property undergoing administration. In fact, it is somewhat anomalous to permit this intervention at all since if the third party did not intervene his legal position would not be affected by the decree. However, such intervention although unusual has been permitted in some cases as a matter of discretion, with the condition imposed that the intervener may not introduce new issues, new defenses or

new claims (cases *supra*, pp. 5-6). What this sort of intervention really amounts to is a formal recognition of what would happen in any event by reason of the manufacturer's open defense of the suit. He is made subject to the decree by direct action instead of by operation of the rule of *Souffront* v. *LaCompagnie des Sucreries, etc.*, 217 U. S. 475, 486-7.

In this practical situation, the decision in this case reached a practical result by weighing the considerations for and against widening the scope of the intervener's activity. It found the balance of advantage, on the facts of this case, to lie in favor of confining the intervener to the defense of the suit against Freeman, preferring this to letting the intervener enlarge the case to litigate questions alien to the original defendant and affecting only the relative rights of intervener and plaintiff. This did not trench upon the intervener's range of action as an intervener seeking to protect his interest in the litigation. That interest can be protected fully and only by seeing to it that the defense of the suit is well conducted. By no process can the super-positioning of an independent suit be availing to aid the defense of the original suit.

Such a matter is not governed by the Equity Rules and the decision does not involve any question respecting their interpretation. It deals with a special fact situation that is governed by considerations of what is a desirable regulation of the status and activity of an intervener whose presence in the case is a matter of favor. The decision in this case, being of this nature, is not a matter of public interest or importance so as to call for review by this Court.

CONCLUSION.

It is respectfully submitted that the petition for a writ of certiorari should be denied.

Respectfully,

DEAN S. EDMONDS,
CURT VON BOETTICHER, JR.,
JOHN HOXIE,
Counsel for Respondent,
Brandtjen & Kluge, Inc.

APPENDIX.

Excerpt from the opinion of the Court of Appeals for the Seventh Circuit in *U. S. Expansion Bolt Co.* v. *H. G. Kroncke, etc., Co.*, 234 Fed. 868, 870-1:

> "The question which first demands attention is that of jurisdiction. Assuming the decision of the District Court as to infringement of the McCreery patent to be correct, had the District Court power to adjudicate upon appellees' two patents and the counterclaim for unfair competition on the facts as presented? There can be no doubt that, as was said in Peninsular Iron Company v. Stone, 121 U. S. 631, 7 Sup. Ct. 1010, 30 L. Ed. 1020:
>
> > 'It is therefore a suit to which citizens of Ohio are parties on one side and a citizen of Ohio a party on the other, with interests so conflicting that the relief prayed cannot be had without keeping them on opposite sides of the matter in dispute.'
>
> To all intents and purposes, so far as the counterclaims are concerned, appellant was a defendant and entitled to have the question of infringement in the Pleister and Cook patents tried in the district in which it was an inhabitant or in any district in which it had infringed, and where it had an established place of business, provided it did not waive its right thereto. First National Bank v. Morgan, 132 U. S. 141, 10 Sup. Ct. 37, 33 L. Ed. 282.
>
> While suit could not, in the first instance, have been maintained in Wisconsin by the Diamond Expansion Bolt Company against appellant over its objection upon either the Pleister or the Cook patent, we have no doubt but that appellant waived that objection by its action in bringing the suit in the Wisconsin district

as well as by statements of counsel shown on pages 1085 and 1087 of the record in the premises with regard to the patents of the counterclaims. The proceeding was one for infringement of a patent in each case. Of such a case some federal court had jurisdiction. So that no question of federal jurisdiction is involved. Appellant had the right to waive the question of privilege, and did so. We think the District Court proceeded properly to treat those matters as coming within the provisions of new equity rule 30 as pertaining to the matter of jurisdiction in equity and not to federal jurisdiction."